

**IN THE CLAIMS:**

Please amend claims 25 and 26 by substituting the attached sheets of pending claims for the prior pending claims. A marked up version of the claims is included in Appendix 1.

**REMARKS**

Reconsideration and allowance of the above-referenced application are respectfully requested.

Drawings which correspond generally to at least some of the Examples and to the claims have been added. The Specification has been amended to refer to the drawings. The amendments to the specification and drawings are identical to those made in the parent application, which issued as U.S. Patent No. 6,018,714.

Claims 1-11, 13-15, 17, 19, 21, 22, 25 and 26 are pending. Claims 25 and 26 have been amended.

Claims 1-4, 9-11, 13-15, 17 and 19 are rejected under the judicially created doctrine of obviousness-type double patenting as being unpatentable over claims 1, 6, 8-11, 14, 16 and 17 of U.S. Patent No. 6,018,714. Claim 22 is rejected under the judicially created doctrine of obviousness-type double patenting as being unpatentable over claim 1 of U.S. Patent No. 6,018,714. A terminal disclaimer is submitted herewith in order to overcome these rejections. Reconsideration is requested.

Claims 2, 4, 7 and 8 are rejected under 35 U.S.C. Sec. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which the applicant regards as the invention. The Office Action states the claim 2 is unclear in that it fails to distinguish explicitly whether the first fee is an insurance premium, obtained in exchange for entering into a contract to provide compensation, or a consulting fee, obtained in exchange for declaring one's willingness to enter into such a contract. The first fee referred to in claim 2 is a fee paid in exchange for declaring one's willingness to enter into a contract. The language of claim 2 is believed to be sufficiently definite because claims 1 and 2 use the term "offering" instead of "agreeing", thereby indicating that an offer for an insurance contract (rather than acceptance of a contract resulting in an agreement) is what is obtained "in exchange for" (language of claim 2) the fee. Claims 4, 7 and 8 depend from claim 2 and are believed to be patentable for the same reasons as claim 2. Reconsideration is requested.

Claims 25 and 26 are rejected under 35 U.S.C. Sec. 101 as being directed to non-statutory subject matter. These claims have been amended to recite a computerized image in order to even more clearly describe functional subject matter, and are believed to be directed to statutory subject matter. Reconsideration is requested.

Claims 1, 5-10, 15, 19 and 21 are rejected under 35 U.S.C. Sec. 103(a) as being unpatentable over the Encyclopedia Britannica. Reconsideration is requested.

The present invention is directed to a novel method of spreading the risk associated with ownership and transfers of ownership of intellectual property by insuring the value of the intellectual property. Prior known insurance for intellectual property

generally is intended to cover patent enforcement fees or patent defense fees. In a particularly preferred form of the present invention, the intellectual property is valued in the context of a transaction such as a purchase, sale, or loan. This embodiment of the present invention combines (1) a "due diligence" analysis of an intellectual property portfolio with (2) an underwriting process supporting an offer to insure the value of the intellectual property.

The Office Action states that the Encyclopedia Britannica discloses that insurance is written against a wide variety of contingencies, and that it would have been obvious to one of ordinary skill in the art of insurance at the time of applicant's invention to write insurance against an unexpected change in value of an intellectual property asset. In response, the applicant respectfully submits that the insurance industry has viewed, and continues to view, certain contingencies as "uninsurable". For example, a number of articles, including the two attachments, published September 27, 2001 and July 9, 2002, indicate that a number of persons in the insurance industry view the risk of terrorism as uninsurable. Therefore one cannot simply state that the Encyclopedia Britannica views all contingencies, including valuations of intellectual property, as insurable.

Many types of insurance are mentioned in the Encyclopedia, including homeowner's insurance, business property insurance, ocean marine insurance, inland marine insurance, business liability insurance, professional liability insurance, personal liability insurance, automobile insurance, theft insurance, aviation insurance, worker's compensation insurance, credit insurance real estate title insurance, life insurance and

health insurance. There is no teaching in the Encyclopedia Britannica regarding the insurability of intellectual property valuations.

The Office Action asserts that “it would have been obvious to one of ordinary skill in the art of insurance at the time of applicant’s invention to carry out ..... [list of steps] ... in order to obtain the *obvious* advantage of *profiting* from writing insurance on intellectual property assets (*emphasis added*).” However, the insurance industry does not view all insurance products as “profitable.” The Examiner has not cited any teaching in the Encyclopedia Britannica regarding the profitability of insurance covering intellectual property valuations.

In establishing a prima facie case of obviousness under 35 U.S.C. Sec. 103, the Examiner must provide a reason why one having ordinary skill in the art would have been led to modify a prior art reference to obtain the claimed invention. The motivation must result from some teaching, suggestion or inference in the prior art as a whole or from knowledge generally available to one having ordinary skill in the art. In re Fine, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988); Uniroyal, Inc. v. Rudkin-Wiley Corp., 837 F.2d 1044, 5 USPQ2d 1434 (Fed. Cir. 1988) The cited Encyclopedia Britannica reference does not mention insuring intellectual property assets, and the “official notice” does not provide any concrete evidence that insurance companies thought that the value of intellectual property could be insured, and could be insured profitably, at the time that the applicants made their invention. The Examiner has not explained what would have prompted one having ordinary skill in the art at the time the invention was made to provide insurance for the value of intellectual property. Reconsideration is requested.

Claims 2 and 22 are rejected under 35 U.S.C. Sec. 103(a) as being unpatentable over the Encyclopedia Britannica, further in view of Friedman. The Office Action states that (1) Friedman teaches that an offer for insurance may be valuable even if it is not accepted, (2) it is well known to pay consulting fees in exchange for valuable information, and therefore it would have been obvious of one of ordinary skill in the art of insurance at the time of applicant's invention for a person to pay a fee in exchange for an offer to provide compensation for an unexpected change in the value of the intellectual property asset. In reply, the applicants respectfully submit that it is not well known for a prospective purchaser of insurance to pay for the underwriting process in the event that they decline to purchase the insurance. In contrast, traditional insurance products are underwritten by the insurance company upon payment of a small application fee. The insurance company takes on the risk that they will not recoup the underwriting costs if the prospective purchaser decides not to purchase the insurance. Thus, the combination of the Encyclopedia Britannica and Friedman does not render obvious the subject matter of claims 2 and 22. Reconsideration is requested.

Claims 3, 4 and 17 are rejected under 35 U.S.C. Sec. 103(a) as being unpatentable over the Encyclopedia Britannica, further in view of Harbert. In view of the applicant's explanation of the terms "offering" in claim 1 and "fee" in claim 2, it is believed that this rejection also calls for the inclusion of a reference to Friedman. In any event, Harbert discloses insurance policies that pay the cost of a patent infringement lawsuit. The applicant respectfully submits that the combination of the Encyclopedia Britannica and

Harbert teaches away from the present invention because Harbert discloses litigation expense insurance, not valuation insurance. Reconsideration is requested.

Claim 11 is rejected under 35 U.S.C. Sec. 103(a) as being unpatentable over the Encyclopedia Britannica further in view of Harbert and Mulcahy. The Encyclopedia Britannica and Harbert references are deficient for the reasons described above. On the second page, lines 4-6, Mulcahy states that "Intellectual Property Insurance offers coverage for enforcement and defense of litigation, and also offers a warranty to cover damages if a defendant is found to have infringed a patent." There is no disclosure or suggestion in Mulcahy of valuation insurance. Thus, Mulcahy does not make up for the deficiencies of the Encyclopedia Britannica and Harbert. Reconsideration is requested.

Claims 13 and 14 are rejected under 35 U.S.C. Sec. 103(a) as being unpatentable over the Encyclopedia Britannica as applied to claim 1, further in view of Cripe. The third page of Cripe mentions director's and officer's liability insurance. The lack of a detailed explanation of the insurance indicates that Cripe is referring to standard D & O insurance. If the Encyclopedia Britannica and Cripe were combined, the result would be a method of protecting directors and officers with a standard D & O insurance policy, not the method of the present invention. Neither the Encyclopedia Britannica nor Cripe is directed toward insuring the value of intellectual property. Reconsideration is requested.

Claims 25 and 26 are rejected under 35 U.S.C. Sec. 103(a) as being unpatentable over Fox in view of the Encyclopedia Britannica. Fox discloses a system and method for writing a policy insuring against the occurrence of a specified weather condition. Fox does not disclose intellectual property insurance. The applicant respectfully submits that

for the reasons discussed above with respect to claim 1, it would have not been obvious in reading the Encyclopedia Britannica to prepare a computerized image of an insurance proposal form for insuring the value of intellectual property as is claimed in claims 25 and 26. Reconsideration is requested.

In view of the above, it is believed that this application is in condition for allowance, and such a Notice is respectfully solicited.

Respectfully submitted,

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DFC

Encls: Replacement pages 7, 17 and 17a of specification

Replacement sheet of pending claims

Marked up copies of specification pages 7, 17 and 17a and claims

Terminal Disclaimer and check for \$55

Formal Drawings - copies for Examiner and Draftsman

Articles dated September 27, 2001 and July 9, 2002



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**APPENDIX 1 - MARKED UP PAGES OF SPECIFICATION, AND  
SET OF CLAIMS SHOWING REVISIONS TO CLAIMS 25 AND 26**



reduction in value of the patent right, and agreeing to provide compensation for at least a portion of any reduction in value of the patent right during a particular period of time after receipt of an insurance premium, the insurance premium being paid in connection with a transfer of the patent right to a second party.

The invention accordingly comprises the several steps and the relation of one or more of such steps with respect to each of the others and the article possessing the features, properties, and the relation of elements exemplified in the following detailed disclosure.

#### **Brief Description of the Drawings:**

**Fig. 1 is a flowchart illustrating a method for issuing an insurance proposal according to a preferred embodiment of the invention.**

**Fig. 2 is a flowchart showing the operation of a data processing system according to a preferred embodiment of the invention.**

#### **Detailed Description of the Invention**

The present invention provides for a sharing of the risk associated with the purchase, sale and/or ownership of intellectual property assets. Furthermore, the legal, technical and financial analysis which is conducted in connection with underwriting an insurance product to cover an intellectual property asset can also serve as a component in a "due diligence" analysis which is conducted in preparation for the purchase or sale of a business or portion of a business. Thus, the invention can provide the directors of a selling or purchasing company with protection against claims that they had incorrectly assessed the intellectual property of a company involved in an asset transfer. Non-limiting examples of situations in which the method and product of the invention would be useful are described below on Table 1.

then assigned a numerical value. The numerical values are utilized in determining the financial terms of the insurance contract proposal.

Step 3, formulating an insurance contract proposal, involves determining which portions of the legal evaluation and financial valuation are to be provided to the insured party, and defining the scope, duration and cost of proposed insurance coverage. In one preferred form of the invention, the insurance proposal includes the legal and financial opinions which are used as a basis for determining insurance premiums and dollar limits of coverage available for a particular intellectual property portfolio. The legal and financial opinions normally are to be paid for by the party seeking insurance whether or not the party eventually executes an insurance contract.

Figures 1 and 2 are included in order to provide an increased understanding of the invention but are not intended to limit the scope of the invention.

Referring to Fig. 1, a flowchart that illustrates a method of preparing and issuing an insurance proposal for intellectual property assets is shown and is designated as 10. The intellectual property that is to be the subject of the proposal is selected in step 12. A validity and enforceability analysis of the intellectual property is conducted in step 14. An expected monetary value or set of values for the intellectual property during period T is determined in step 16. This value or set of values is provided to the proposed insurer in step 18. Suitable values for premium, coverage, and the term of coverage are determined in step 20, and an insurance proposal form is generated in step 22.

Referring to Fig. 2, a flowchart showing the operation of a data processing system according to one preferred form of the invention is shown and is designated as 30. At least one input 32, 34, or 36 is input into the data processing system. Input 32 is a first numerical value or set of values which is representative of the likelihood that the intellectual property asset would be found valid if the validity of the asset was determined by litigation. Input 34 is a second numerical value or set of values which is representative of a predicted appraised value of the intellectual property asset during a particular period of time. Input 36 is a third numerical value or set of values which is representative of the likelihood of a competitive intellectual property asset causing a significant reduction in the predicted appraised value of the intellectual property asset during a particular period of

time. The data processing system processes the input data in step 38 and delivers an output in the form of an insurance proposal at 40.

The following Examples are included in order to provide a better understanding of the invention but are not intended to limit the scope of the invention in any way.

#### Prophetic Example 1

Company A is preparing to purchase Company B. Company A obtains a list of the intellectual property assets owned by Company B. Company A provides the list of intellectual property assets to Valuator, which preferably is an independent firm or a division or subsidiary of Insurance Company D. Valuator works with Company A to determine which intellectual property assets of Company B should be insured. These assets are referred to as IIPA (identified intellectual property assets), and typically include the intellectual property assets of Company B which Company A believes are the most valuable. Valuator then obtains a legal analysis of the validity and enforceability of the IIPA by hiring a competent patent attorney to write a legal opinion of validity and enforceability. Company A pays for the legal analysis and for the services of Valuator in obtaining the legal opinion. If the legal opinion is favorable, Valuator obtains an opinion of the monetary value of the IIPA during a particular period of time in the future by hiring a competent valuator of intellectual property. Company A pays for the financial analysis and pays for the additional services of Valuator. Preferably Company A pays its fees for the legal evaluation and the financial valuation directly to the insurance company,